

## Message Text

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44

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 SSO-00 NSCE-00 INRE-00 SP-02

AID-05 EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 COME-00 FTC-01 AGR-05 JUSE-00 CIAE-00

INR-07 NSAE-00 L-02 H-02 PRS-01 SEC-01 /071 W

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O R 281710Z APR 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC IMMEDIATE 031

INFO AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMCONSUL GUAYAQUIL

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: ETRD, CS

SUBJECT: REQUEST FOR FURTHER INFORMATION ON BANANA SCANDAL

1. FIRST VICE PRESIDENT CASTILLO HAS APPARENTLY BEEN CHARGED IN PANAMANIAN, AND PERHAPS ALSO HONDURAN NEWSPAPERS, WITH BEING IMPLICATED IN THE BRIBERY SCANDAL IN HONDURAS. FONMIN FACIO ISSUED A DECLARATION ON APRIL 26 GUARANTEEING THE HONESTY OF VICE PRESIDENT CASTILLO AND CHARACTERIZING THE CHARGES AS "A TYPICAL EXAMPLE OF THE WAY IN WHICH MULTINATIONAL BANANA COMPANIES ARE CARRYING OUT A CAMPAIGN TO DISCREDIT GOVERNMENTS THAT HAVE DECIDED TO DEFEND BANANA PRICES AND TO ORGANIZE THE UPEB." FACIO SAID THAT CASTILLO'S ONLY INVOLVE-

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MENT IN HONDURAS WAS AN INVESTMENT OF \$10,000

IN THE CHAIN OF MCDONALD'S RESTAURANTS.

2. PRESIDENT ODUBER, IN A SPEECH NEAR PUNTARENAS APRIL 27, ACCUSED THE BANANA COMPANIES OF TRYING TO UNDERMINE THE PRESTIGE OF MEMBERS OF THE GOVERNMENT, INCLUDING DR. CARLOS MANUEL CASTILLO, WITH THE INTENTION OF DESTABILIZING THE GOVERNMENTS WHICH ARE TRYING TO IMPOSE A JUST TAX ON THEM.

3. THESE ATTACKS ON BANANA COMPANIES APPEAR TO REPRESENT A SHIFT IN TACTICS BY THE COSTA RICAN GOVERNMENT. PREVIOUSLY, THE GOVERNMENT HAD AVOIDED ATTACKING THE BANANA COMPANIES IN RELATION TO THE HONDURAN BRIBERY SCANDAL AND HAD WORKED TO DEFUSE THE PROBLEM BY GIVING A FULL EXPLANATION OF THE HISTORY OF THE BANANA NEGOTIATIONS IN COSTA RICA EMPHASIZING THE HONEST EFFORTS THAT HAD BEEN MADE TOWARD A WORKABLE SOLUTION BASED ON THE ECONOMIC REALITIES OF THE BANANA TRADE. AS RECENTLY AS APRIL 24, TOP OFFICIALS FROM THE PRESIDENCY CONFIRMED TO AN EMBASSY THAT THIS HAD BEEN THE GOVERNMENT'S TACTIC AND THAT IT HAD BEEN SO SUCCESSFUL THAT NOT EVEN THE COMMUNIST OR OTHER EXTREMIST PARTIES HERE HAD ATTACKED THE GOVERNMENT OR THE BANANA COMPANIES ON THE HONDURAS ISSUE. NOW, JUST WHEN THE ISSUE WAS DYING OUT IN COSTA RICA, ODUBER AND FACIO HAVE APPARENTLY FELT IT DESIRABLE TO SHIFT TO AN ATTACK ON THE COMPANIES.

4. THE EMBASSY IS NOT AWARE AT THIS POINT OF THE SPECIFIC NATURE OF THE CHARGES AGAINST VICE PRESIDENT CASTILLO. WE UNDERSTAND THAT A HONDURAN COMMISSION HAS BEEN IN THE U.S. IN AN ATTEMPT TO LEARN FROM THE SEC AND THE BANANA COMPANIES EXACTLY WHO RECEIVED BRIBES.

5. ACTION REQUESTED: THE EMBASSY WOULD APPRECIATE BEING INFORMED AS SOON AS POSSIBLE OF THE DETAILS OF THE INFORMATION THAT HAS BEEN LIMITED OFFICIAL USE

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PROVIDED TO THE HONDURAN COMMISSION AS WELL AS ANY OTHER INFORMATION THAT HAS BEEN PROVIDED THROUGH ANY OTHER CHANNEL TO THE HONDURAN GOVERNMENT WITH RESPECT TO THE PERSONS ALLEGED TO HAVE RECEIVED BRIBES FROM BANANA COMPANIES. IN PARTICULAR, WE WISH TO KNOW WHETHER THE DEPARTMENT IS AWARE OF ANY ALLEGATIONS THAT COSTA RICAN OFFICIALS RECEIVED BRIBES. IT IS IMPORTANT THAT

THE EMBASSY HAVE WHATEVER INFORMATION MIGHT BE  
AVAILABLE ON THIS SUBJECT PRIOR TO A PRIVATE  
LUNCHEON THE AMBASSADOR HAS SCHEDULED WITH  
PRESIDENT ODUBER ON APRIL 29. TODMAN

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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**Draft Date:** 28 APR 1975  
**Decaption Date:** 01 JAN 1960  
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**Disposition Date:** 28 MAY 2004  
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**Subject:** REQUEST FOR FURTHER INFORMATION ON BANANA SCANDAL  
**TAGS:** ETRD, EINV, PGOV, CS, HO, (CASTILLO MORALES, CARLOS MANUEL)  
**To:** STATE  
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